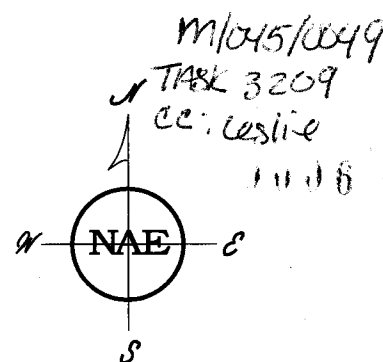


# NORTH AMERICAN EXPLORATION, INC.

MINERAL EXPLORATION SERVICES



October 12, 2009

Mr. Paul Baker  
Division of Oil, Gas and Mining  
Box 145801  
Salt Lake City, UT 84114-5801

Dear Paul,

Reference is made to Clifton Mining's Cactus Mill Large Mine Permit M/045/049 located in Tooele County. We are applying to amend this permit to allow a test copper heap leach operation on behalf of Desert Hawk Gold Corporation.

The permit/mine area lies primarily on Federal land, but a small area of a State Metalliferous lease is also involved. We submitted this Amendment to you on September 25, 2009. Enclosed is a copy of the Reclamation Surety Estimate - D8R, revised 3/26/2009. Please insert this at the back of your copy of the Notice of Intention to Amend large Mining Operation-Desert Hawk Gold Corporation-Cactus Mill-M/045/0049.

We have also submitted copies of the Amendment to Mr. Glenn Carpenter of the US Bureau of Land Management, West Desert District, and Mr. Rob Herbert of the Utah Department of Environmental Quality, Division of Water Quality. We look forward to your review.

Sincerely,

O. Jay Gatten

OJG/tmg

Enclosure (1)

cc: Correspondence

Project

Rick Havenstrite - Desert Hawk Gold

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DIV. OF OIL, GAS & MINING

RECLAMATION SURETY ESTIMATE - D8R  
 Mine Operator: Desert Hawk Gold Corporation  
 Mine Name: Clifton Mill  
 DOGM file Number: M/045/0049  
 Prepared by Doug Jensen

last revision 3/26/2009  
 file: MINE-BOND.xls  
 page "estimate D8"  
 Tooele County

PASSWORD  
 doug

**Reclamation Details**

2.5 acres will be covered with a heap leach which will be placed at a minimum of 3h/1v—No regrading of this area will be necessary

Variance has been requested to allow the two mill buildings to remain after reclamation

Growth medium harvested before clay is harvested will be replaced and revegetated.

**Note: actual unit costs may vary according to site conditions** last unit cost update 10/25/06  
 -Amount of disturbed area which will receive reclamation treatments = 9.5 acres  
 -Estimated total disturbed area for this mine = 9.5 acres

Activity	Quantity	Units	\$/unit	\$	Note
Safety gates, signs, etc (mtls & installation)	1	sum	600	600	(1)
Demolition of buildings & facilities	0	CF	0.33	0	(2)
Debris & equipment removal - trucking	7	trips	63.00	441	(3)
Concrete Structure Demolition and Burial	4	hour	1463.00	5852	(4)
Debris & equipment removal - loading trucks w/FE loader	10	hour	245.50	2455	(5)
Demolition & debris removal - general labor	10	hour	49.00	490	(6)
Regrading facilities areas - D8R (2ft depth)	0	acre	1463.00	0	(7)
Site Regrading - D8R dozer COST PER HOUR	16	hour	233.00	3728	(7h)
Ripping access roads- D8R dozer	1.78	acre	361.00	643	(9)
Regrading access roads - D8R dozer	0	acre	697.18	0	(7)
Sidecast mtl replacement of steep slopes - trackhoe	0	LF	1.26	0	(11)
Sidecast mtl replacement- trackhoe COST PER HOUR	0	hour	378.00	0	(11h)
Surface drainage restoration or construction	100	LF	0.23	23	(10)
Topsoil replacement - D8R dozer	1000	CY	0.77	770	(8)
Topsoil replacement - scraper	0	CY	1.39	0	(12)
Topsoil replacement - scraper COST PER HOUR	0	hour	446.00	0	(12h)
Topsoil replacement - truck only, 2 mi round trip	1000	CY	3.27	3270	(13)
Topsoil replacement - loading trucks - FE loader	1000	CY	0.56	560	(14)
Topsoil replacement - FE loader COST PER HOUR	0	hour	176.33	0	(14h)
Mulching (2 ton/acre alfalfa/straw)	0	acre	400.00	0	(00)
Fertilizing (100 lb/acre diammonium phosphate)	9	acre	100.00	900	(00)
Composted manure (10 ton/acre)	0	acre	350.00	0	(00)
Broadcast seeding	0	acre	280.00	0	(00)
Drill Seeding	9	acre	280.00	2520	(00)
Hydroseeding	0	acre	930.00	0	(00)
Remove and dispose of asphalt pad	1	ea	1000.00	1000	
Neutralize leach cell plus pumping costs	1	ea	7500.00	7500	
General site cleanup & trash removal	6	acre	100.00	600	(00)
Equipment mobilization	3	equip	3000	9000	(00)
		Subtotal		40352	
Reclamation supervision -10% of reclamation estimate				4035	(15)
		Subtotal		44387	
10% Contingency				4439	
		Subtotal		48825	
Escalate for 5 years at 1.6% per year				4033	
		Total		52858	
Rounded surety amount in year 2014 \$				\$52,900	
Average cost per disturbed acre =		5564			

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